

# The North Carolina Standard.

THOMAS LORING,

Editor and Proprietor.

THE CONSTITUTION AND THE UNION OF THE STATES.....THEY "MUST BE PRESERVED."

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## REPORT FROM THE SECRETARY OF THE TREASURY ON THE FINANCES.

TREASURY DEPARTMENT, September 5, 1897.

In pursuance of the duty of this department to submit to Congress, at each session, the state of the finances; and in conformity with the request of the President, that such other fiscal matters should, on this occasion, be presented, as appear to require early legislation, the undersigned has the honor to offer the following report:

### I. CONDITION OF THE TREASURY.

It is not proposed to give all the particulars, relating to the receipts and expenditures, which usually accompany an annual statement. But an exposition of them, under the customary general heads, so far as they have been ascertained, for the first half of the year, is submitted.

Brief estimates for the other half are made, and such explanations added, as seem necessary to show with clearness not only the condition of the Treasury at this time, but its probable state for the residue of the year.

According to the Treasurer's running account, the whole amount of available money in the treasury on the 1st of January, 1897, applicable to public purposes, was \$42,468,859.97. From that sum, there were on that day reserved \$5,000,000; and the balance, being \$37,468,859.97, was, under the provisions of the act of June 23, 1896, to be placed in deposit with the States. It is ascertained that \$27,063,430.80 of it, have since been actually received by them.

The amount of that portion of the first three instalments, the payment of which has not yet been acknowledged, though transfers were seasonably issued for it, is \$1,165,575.18. The remainder is \$9,367,214.98, and is the sum which was designated for the fourth instalment of deposits with the States on the 1st of October next. The amount reserved in the Treasury on the 1st of January has since been increased, by returns subsequently received from banks, to the sum of \$6,670,137.52; and which, of course, could not then be ascertained or taken into computation.

### RECEIPTS.

The receipts in the first half of the year, deposited in the banks, and paid on drafts by collectors and receivers, so far as ascertained, have been:

From customs	\$7,234,451
From lands	5,303,731
And from miscellaneous sources	512,263

To these may be added about \$600,000 which remained in the hands of receivers, and \$50,000 in those of collectors, subject to draft. All these make the aggregate for that half of the year \$13,187,182. If no further postponement be granted on duty bonds, it is estimated that the whole receipts for the last half of the year, from all sources, will be about \$9,500,000; which would make them, as ascertained and estimated for the whole year, \$22,687,182. But if the brief extension of the present postponement, brought into view hereafter, and favorably regarded, be directed by Congress, the receipts will probably be about \$7,000,000; while, by a postponement of the whole to another year, they will not be likely to exceed \$4,500,000.

Looking at our whole revenue therefore, from all quarters, it appears that the balance of money reserved at the commencement of the year, as finally ascertained to be \$6,670,137, with the actual receipts for the first half at \$13,187,182, and those now anticipated for the last half of it at \$7,000,000, will constitute an aggregate of \$26,857,319.

### EXPENDITURES.

The expenditures during the first half of the year were, for

Civil, miscellaneous, and foreign intercourse	\$2,812,540.40
Military, including pensions	10,603,361.49
Naval	3,297,149.69
Public debt	20,892.75

Making an aggregate of \$16,733,884.33

The expenditures required to meet existing appropriations, during the last half of the year, will, as computed, equal the sum of \$16,000,000; making for the whole year \$32,733,884.

Whatever expenditures shall arise within the year, upon new appropriations which Congress may think proper to make, will require a corresponding addition to this amount. But, without them, it will constitute an excess of \$5,876,565 of expenditures over both the receipts and the balance at the commencement of the year; besides not leaving, at the close of it, any thing in the Mint or the Treasury for future uses, or to meet contingencies.

In order, therefore, to discharge that excess, and retain of the money reserved on the 1st of January, one million, which is the smallest sum deemed proper, under the acts of Congress, for the efficient operations of the Mint, and at least three or four millions more, to answer sudden and contingent calls, there will probably be a necessity to resort to the deposits now with the States, and to the instalments destined for them in October, or to some other resource, for a sum equal to \$10,000,000.

By a report of the Treasurer of the 30th ultimo, it appears that the balance in the Treasury, including what was in the custody of banks, the Mint, and collecting officers, was then \$14,596,311; that the amount of this, subject to immediate draft, was only \$8,928,072; but the whole balance in the Treasury, including all which had been deposited with the States, and ordered to be, though only a small part of the amount is subject to immediate draft, was \$41,532,381. Deduct all which has been, and was designed to be, deposited with the States, and there would be no balance left on hand subject to draft, though including every thing in the Mint, and in the possession of receivers and collectors, which is applicable to general purposes.

Hence it is probable, that, besides the deficiency for the expenditures of the year, no sufficient means of any kind will exist on the 1st of October next, after defraying the intervening expenses, to complete the instalment of deposits then payable, unless a large part of the bonds for duties postponed to that day, and amounting to near \$4,000,000, and the million and a half then due on the first bond from the United States Bank, shall be punctually paid, or, in the meantime, some provision on this subject made by Congress.

The money standing to the special credit of the Post Office Department and the Patent Office, as well as various trusts, is not included in the above exhibit, for reasons explained in the last annual report. Outstanding and unexpended appropriations at the end of the year will, in this view of our financial condition, be still left charged on the Treasury amounting to about \$16,000,000.

This does not differ much from their amount at the close of the last year. Whether the appropriations unexpended on the first of January, 1898, prove, therefore, to be one or two millions larger or smaller than is now anticipated, it must be manifest, from all the above data, that some new legislation is indispensable to complete satisfactorily the service of the year, and leave a suitable amount in the Mint and the Treasury.

Indeed, before submitting the last annual report, the indications of a decrease in the receipts, and of an approaching revulsion in our commercial prosperity appeared so strong to the undersigned, that he felt compelled, with reluctance and regret, because differing so much from the views of many others, to estimate the accruing receipts for the year at only \$24,000,000.

As the appropriations asked for were about \$27,000,000, it was then suggested that the occurrence of a deficiency was probable. When those appropriations became in fact enlarged by Congress to more than \$32,000,000, it rendered a deficiency inevitable, to the extent now anticipated, unless the receipts should happen greatly to exceed the estimates.

### II. ON THE POSTPONEMENT OF THE PAYMENT OF BONDS FOR DUTIES.

The first suggestions which will be submitted concerning such special legislation as appears proper in consequence of the recent embarrassments of the country, relate to the postponement of the payment of bonds for duties.

Early in May last, the collection of the revenue from customs became much obstructed through the severe pecuniary difficulties of the mercantile interest. The Treasury Department felt an anxiety not only to take steps which might increase the security of the Government for eventual payment, but, in an emergency so great and to many so unexpected, to furnish all the relief from sacrifices which could judiciously be extended under its limited powers, and in anticipation of what would probably be its straitened condition in a few months.

A postponement of the payment of the bonds falling due was, therefore, and in accordance with the views of the Executive, authorized for periods of from thirty to ninety days, on interest and additional security, and in a manner more liberal than usual, by permitting it before as well as after suit, in all cases of embarrassment, great hardship, or insolvency.

The particular terms, and the reasons for such postponement, are more fully set forth in the documents annexed.

When the difficulties in discharging bonds in a legal currency became increased by the suspension of specie payments in some of the principal cities, and the President decided to call a special session of Congress, the postponement was allowed to be extended till after the commencement of the session, in order that an opportunity might be afforded to obtain further relief by new legislation. Urgent requests were made for an indiscriminate delay of payment on all bonds to the 1st of January next, and for the receipt, in discharge of them, of notes issued by banks not paying specie.

It was not deemed proper to comply with these requests. But as long a delay as our fiscal situation justified, and every relief as to the currency which seemed legal, by the receipt of debenture certificates and Treasury drafts, for duties, were permitted in mitigation of the existing embarrassments.

Having, in this, done all that a sound and liberal exercise of the discretion of the department appeared either to justify or require, no intention exists nor would it be proper in the present state of the Treasury, to grant any indulgences beyond those already authorized, without the express direction of Congress.

Some further facts which may be useful to aid its members in coming to a correct conclusion on this subject, are, that the amount of bonds which have already been postponed to the 1st of October, is about \$3,500,000, and by that date will, it is presumed, be increased to \$4,000,000.

If Congress permit no longer postponement, the receipts for the year will probably be increased by the indulgences already granted, as they have been allowed, generally, on additional security, and always on interest.

But as suits and delays in collection will still occur, though to a less extent than in the first stages of the pressure, it is expected that not over two-thirds of the amount postponed before the close of this month can be collected during the current year.

The bonds already put in suit since the

middle of May amount to nearly \$1,000,000. But if Congress extend the postponement till next January, as was originally requested by some of the parties, or for one year, as recently requested by the Chamber of Commerce of New York, the receipts for the present year will probably be thereby lessened from four to five millions.

Should Congress, however, adopt an intermediate course, as an act not of mere benevolence, but of additional relief, which appears reasonable, under the extraordinary mercantile distresses of the times, and more safe to the Government, in respect to eventual collections, it might sanction a delay not to exceed, altogether, six months beyond the original period of payment, in any particular case. It is computed that this would diminish the receipts, during the present year, about two and a half millions of dollars; but if granted on the usual terms, would increase the receipts, next year, in a greater proportion, by the interest accruing, as well as by the fuller collections which would probably be made in a greater number of cases.

The opinion of the department on these various propositions is, that, considering merely our present financial necessities, no further postponement can be regarded as expedient, though in some other respects, as fully detailed in the recent letter from the Chamber of Commerce, the last delay mentioned might be found justifiable, and more beneficial. But if a law be passed extending credit on the bonds, it is supposed that, in any correct view of the subject, its provisions need not be continued in force beyond the period when the worst effects of the pressure will be likely to have ceased, and when all imports could, by a further extension of the ware-house system, be advantageously made payable in cash, at the time the goods are wanted for immediate consumption.

The extension of that system is, therefore, respectfully recommended to the consideration of Congress, in connection with the present subject, as it might introduce as great an improvement in the collection of imposts, as the substitution of cash for credit did in the collection of revenue from the sales of public lands. It would certainly increase the security, ease, and promptitude of the operation; would dispense entirely with the trouble and risk in the payment of debentures; work favorably to the manufacturing interests; and at the same time, facilitate our trade in foreign articles, as well as exonerate the merchant from many embarrassments in regard to sureties and guarantees.

### III. OBSTACLES IN THE WAY OF TRANSFERRING THE LAST INSTALMENT OF DEPOSITES TO THE STATES.

Early legislation has likewise become necessary, either to withhold or postpone, for a reasonable period, the fourth instalment of deposits with the States, or to furnish such aid as may be necessary to complete them in a satisfactory manner.

By the general suspension of specie payments, and the consequent necessity, under the deposit act, to discontinue most of the public depositories, the transfers from the banks in the west and southwest to the seaboard, which were necessary to place much of the money in a position to be conveniently lodged with the States in October, have, in several instances, been defeated. They had, as in case of the former instalments, been ordered seasonably, though, as a general rule, only where rendered proper, in consequence of great accumulation of public funds in an unfavorable situation, on account of the course of trade and exchanges, to be paid directly to the respective States. But, in the troubled condition of the money market, they had not been injuriously hastened as to the time of payment, and, consequently, falling due in the course of the summer and early in autumn, near two-thirds of the whole amount of these funds still on hand have been detained in the west and southwest, where they had so unusually augmented from the large sales of public lands. Hence, if the last deposit with the States was, in this position of the money, to be attempted, the orders directing it must, in many cases, be made on places remote, and very inconvenient to some of the receiving States, on account of the unfavorable balance of trade, or the rates of exchange; and must be met, if at all, in a currency unacceptable and greatly depreciated. Transfers of portions of the July instalment could not, from the same cause, be effected in the precise mode intended, nor from the banks most desirable, though much of it had reached the appropriate points, to render the operation easy, before the suspension of specie payments. In all cases in which they were not offered to be paid in a currency satisfactory to the States, their agents were requested to return the orders of transfer till Congress could make new and suitable provisions on the subject.

But this request has not always been complied with. About \$1,165,575 of that instalment has not yet been received for by the States to the Treasury, nor the orders returned. On the contrary, the U. S. States Bank—chartered by the State of Pennsylvania has lately become the purchaser of several of these orders, though not given for any debt, but merely directing a transfer from one public depository to another. This institution has demanded of the banks on which they are drawn that payments should be made to her in specie; and, on their failing to do so, has caused the orders to be protested. Under these circumstances, and, as the deposits with the States were to be made of what was in the Treasury, and consequently in the banks, on the 1st of January last, it is for Congress to decide whether payment shall be made of any of those orders in a mode and currency different from the rest of the third instalment of deposits with the States.

Another reason for withholding or postponing the October deposits, or for some legal provision to aid in completing them, is, that a sum equal to the revenue probably accruing, and a large portion of these deposits, had, before they were payable, been expressly appropriated by Congress, to other objects. When looking to the rapid decrease in our receipts, to the expected deficiency in the course of the year, and the great amount of outstanding appropriations, which, at the close of it, will be left unpaid, much of that whole instalment seems likely

to be needed at an early day. By either of the first two measures, the money could, according to its original destination, be applied to the necessary wants of the General Government, as soon as it can be drawn from the banks in legal funds. In that way, so desirable an object would also be accomplished, without the expense and delay of the money being first paid over to the States, and then subjected to an early recall. On the other hand, several of the States might, in the present posture of their affairs, experience considerable inconvenience, either by not receiving it, or by soon refunding a large portion of its amount; and many of the banks which hold it might be able more satisfactorily to pay it to the States than to the Treasury. But, though the subject is one of much delicacy and difficulty, and peculiarly proper for the final action of Congress, it may be expected that this Department should express some opinion as to which course appears most eligible in the present condition of the finances. It is, therefore, with deference suggested, that when regarding their condition and the importance of meeting with efficiency and good faith all the obligations of the Government to the public creditors, it would be most judicious to apply the whole instalment, as fast as it is wanted and can be collected, to the prompt discharge of these obligations; and that the last deposit with the States, not being a debt, but a mere temporary disposal of a surplus, should be postponed until Congress, in some different state of the finances, when such an available surplus may exist, shall see a manifest propriety and ability in completing the deposit, and shall give directions to that effect. Consequently, no further steps will be taken as to the deposit of any part of that instalment till Congress has had an opportunity to act upon the subject in such manner as, in the present posture of affairs, its superior wisdom may consider preferable.

### IV. DIFFICULTY IN PAYING THE APPROPRIATIONS, AND ON THE ISSUE OF TREASURY NOTES.

Some further obstacles exist in the way of discharging satisfactorily all the appropriations which have been made by Congress.

The effects which may be produced upon the accruing revenue, by granting or withholding further delays on bonds for duties, have already been explained.

In addition to these, there is a likelihood, in the present pressure, that the payment of cash duties, to the extent of one million of dollars more than usual, will be unavoidably deferred to another year, as the importers under the existing laws are entitled to certain delays, by keeping in store the woolen goods which pay such duties.

This circumstance, in connection with the difficulty of collecting the bonds, whether longer postponed or not, will sensibly increase the embarrassments which have been specially pointed out, and otherwise exist in paying with promptitude and in a legal manner, the large appropriations chargeable upon the residue of the current year.

Hence, after a considerable deficiency in the available means became highly probable, it was deemed expedient to adopt any judicious and lawful measure to remedy it, which was within the power of the department. Accordingly, though large quantities of public lands were still in market unsold, and though the receipts from that source during the year, would be higher than anticipated, in consequence, among other things, of a construction put on the pre-emption laws, admitting a large class of settlers to entries, it was supposed that some further tracts, in places much desired by the new States, might prudently be offered. A few such have been advertised; but sufficient time, after due notice, has not yet elapsed to realize any thing from them.

If the fourth instalment of the deposits with the States be deferred, and the difficulty in seasonably transferring it be thus removed, yet, being chiefly in the custody of banks not paying specie, it is manifest that it cannot be immediately realized in funds suitable to meet the existing appropriations. If it be not deferred, some further provision will be still more indispensable to enable the Treasury not only to place it with the States, but to pay all the public creditors and officers in a satisfactory manner, until the duties now due from the merchants, and the funds now in the discontinued depository banks, can be collected. It is true, that a resort to the States for refunding portions of the large sums already deposited with them, would also remain by law; but under the limitations of the act of June, 1896, it would be very slow in its operation, and, if complied with, would prove entirely insufficient to answer such an urgent occasion as the present. During the ensuing quarter, the whole amount that could be legally recalled would not exceed six hundred and fifty thousand dollars.

Hence it seems expedient, either in aid or exclusion of a requisition on the States, as may be deemed most suitable by Congress, to provide some temporary resource until enough of the fourth instalment, or other means in the Treasury, can be rendered available to discharge all the public engagements. It need not be a loan, or an increase of taxes of any kind; as the General Government, in respect to its finances, whatever temporary embarrassment the recent convulsions in commerce and banking may have created, is far from having any just cause of despondency. It is neither overwhelmed with a national debt, nor destitute of large pecuniary resources on hand; but, entirely free from the former, it is so amply supplied with the latter as to have in the Treasury over forty millions of dollars, and eight or ten millions more in bonds, which will soon become payable. But a large portion being in deposit with the States, and the residue chiefly in the hands of the merchants, under the difficulties before named, in procuring promptly, and in a legal currency, the amounts of money which are needed, some collateral aid for a short period, till a sufficiency can be collected, appears to be judicious, if not indispensable.

It is fortunate that the energies of the country generally are not paralyzed, nor its prospects clouded by any great physical calamities; and hence its immediate wants can, without doubt, be provided for in various ways.

One mode would be to authorize the issue of Treasury notes, receivable for all public dues, but without interest. These would differ from the drafts or checks now in use, only as the latter are given for immediate payment, and drawn on persons and banks having public money sufficient to meet them; and, consequently, the holders must be exposed to the trouble and expense of presenting them at the places where payable. Still they are nearly on a par with specie. In the present deranged state of bank paper and exchanges, and in the favorable condition of the General Government, by its ample resources and exemption from pecuniary liabilities, to impart the greatest confidence in respect to the redemption of such notes, it is probable that they would readily be taken at par by most of the public creditors. Especially would this be likely to happen, provided they were issued in denominations, as low as twenty, fifty, and one hundred dollars; and not in too large quantities, but used only in anticipation of the accruing revenue on occasional emergencies, and to a limited amount.

Contrary to expectation, should the Department, during the present delinquency of many of the public debtors, be exposed to such very large calls, and collect so little revenue, as not to be able, by both the above notes and drafts, to meet all its engagements in a satisfactory manner, it would be desirable that the President should possess a contingent authority to cause Treasury notes to be issued, bearing an interest not to exceed six per cent.

Specie could always be raised on these for the public creditor, when he preferred it. But as notes bearing much interest would soon cease to be used in circulation, (and if they should not, would, as a currency, be troublesome in the computation of interest, and too strongly tend to exclude specie from the country,) it might be advisable not to make them receivable, at first, for any public dues, but only to report to that measure afterwards, when it should be found convenient for redeeming them.

In connection with the issue of any Treasury notes, it is believed to be wise to make ample provision for their early and final redemption. This could be accomplished by enacting, that when the money on hand in the Treasury and the Mint, available for public purposes, may exceed a given amount of four or five millions, it shall be the duty of the Secretary of the Treasury to cause these notes (securing priority to any on interest) to be redeemed to such an extent as the surplus may exceed that sum, and what will probably be needed to defray current expenses. It being believed that a reduction of the tariff, and suitable regulations concerning the sales of public land, ought at a proper time to be put in force, so as to prevent any large and regular accumulation in the Treasury, the department would respectfully propose that, in case of any unexpected excess beyond the sums above specified, it should merely be invested, in a temporary manner, in safe State stocks, at their market rate, subject to be sold again whenever the proceeds shall be wanted to discharge existing appropriations.

An additional consideration in favor of these measures is, that since the payment of the public debt, which absorbed any occasional surplus of receipts, it is impossible, according to the views expressed in some previous reports from the undersigned, that, with sources of revenue so fluctuating as ours, and so dependent on commercial prosperity, any fiscal operations should be long continued with ease, vigor, and uniformity, without some such regulator as a power to issue and redeem Treasury notes, or to invest and sell the investment of surpluses. By any other course we shall constantly be exposed to great deficiencies, or excesses, with all their attendant embarrassments. If depositing the excesses with the States, subject to be recalled to supply deficiencies, the pecuniary profit to the whole Union will be no greater, while such a course may involve us in a series of vexatious demands on them, accompanied by various dangers, both to them and the General Government; and, in the mean time, it is feared will, in many instances, tend to excite excesses and evils similar to some of those under which the country is now suffering.

THE ARRANGEMENTS FOR KEEPING THE PUBLIC MONEY, which had been in successful operation for a few years previous to the passage of the deposit act of 1896, became partially embarrassed by carrying into effect some of its provisions. But the enforcement of them all, where not entirely perfected, was in seasonable progress in May last, when the Department was compelled by the act to give notice to such of the selected banks as had suspended specie payments that they could no longer be considered as general depositories of the public moneys.

A list is annexed of all before employed in that capacity, which have been discontinued.

After due inquiries to procure other depositories, in conformity to the act, the Department has completed the appointment of only one. This, and four more that have not yet been appointed, with one that has resumed specie payments, (making six in all,) constitute the present bank depositories for general purposes.

During the inability to obtain specie-paying banks at other points, the Treasurer, being required by the closing part of the 8th section of the act, to keep and disburse the public money according to the laws before in force, has done it in conformity to the very wide discretion which existed when no rules were in force, that had been prescribed by Congress, except to "keep" and "disburse the same." Under the general superintendence of the Secretary of the Treasury. A part of it has, therefore, been kept in special depository in this City, a portion of it in the Mint, and the residue with the officers collecting it, until it was wanted for public purposes, or until it accumulated in such sums at any point as not to be, probably, wanted there for such use. In the first case, it has, from time to time, been applied to the payment of creditors, by drafts on the receivers or collectors; and in the last, the excess has been directed to be temporarily placed with banks not remotely situated, and in special depository for safety, until wanted for expenditure elsewhere, or until some new legislation shall take place in relation to it.

Under these circumstances, the Department would respectfully suggest some provisions which may be more specific, and may be required for the safe-keeping and disbursing of the public moneys.

In the present condition of the Government and the country, two systems are proposed, either of which, it is believed, may be practicable and adequate to the exigencies of the crisis. One is, an enlargement and adaptation of the system partially employed since the suspension of specie payments, so as to make it answer all necessary purposes. This could be effected merely by assigning to our existing officers and establishments some additional duties.

The Treasurer, at the seat of Government; the Mint, with its branch at New Orleans, and another which has been contemplated, and is much needed, at New York, for other purposes; collectors of the customs, and receivers of money for the sales of land, as well as Postmasters, might all be directed to keep in safety, not only the public money collected by them, but all actually placed in their possession, by transfer or otherwise. As fiscal agents, they might also be required to pay over and transfer it for such public purposes as may be authorized by Congress, and under such regulations as the Treasury Department from time to time may prescribe. Indeed, the 3rd section of the Post Office law of 1825, with the bond taken under it as to the agency of the Post-Masters, is, perhaps, already sufficiently broad for that class of officers. At points like New York, and a few others, where a likelihood existed that the sums would permanently be large, but which, under a reduced revenue and expenditure, would seldom occur, authority might be given to appoint the clerks now acting as cashiers or tellers under the collectors and receivers, or other more suitable persons, to act as keepers and paymasters of the public money. But they should be made independent of the collectors and receivers, and placed under the like tenure of office, and under suitable bonds. Additional means of safety, and such additional but limited compensation to any of the above officers, might be provided, as the increased risk and labor might render just; but in only a few cases would these last be much augmented at any place.

Taking the year 1834 as furnishing a specimen sufficiently large of the probable business in future connected with the general operations of the Treasury Department, but, of course, not including the separate establishment of the post office, the whole number of warrants issued in that year was a little under five thousand, and, though differing much in actual amount, averaging about \$5,000 each. This would be less than twenty warrants a day, and hence would require less than one per day to be paid in each of the twenty-six States. They differed, in fact, from four per day in this District, and two per day in New York, which were the highest numbers, to only one per week in several of the States. The business at each office daily, or even weekly, in making payments of the drafts, would, therefore, be very little. If more than one draft issued on a warrant, the business would be increased in that proportion, unless the whole payments were reduced, as is probable, hereafter, to sixteen or seventeen millions yearly.

In regard to the risk, five millions in the Treasury at any one time, if all placed in the hands of collectors and receivers, would not, on an average, exceed \$30,000 with each of the present number.

But if the amount, besides one million in the Mint, was chiefly in the hands of half the present number, which would approach nearer to the probable result, the sum with each would still be less than most of the existing bonds of receivers; and when exceeding theirs, or those of the principal collectors, the excess, in most cases, could be readily prevented, or reduced, by being drawn out to pay creditors, or be conveniently transferred to the Treasurer of the United States, at the seat of Government, or to the Mint and its branches. Until one of the latter is authorized at New York, the substitute before mentioned, of one of the present officers in the customs there as an independent keeper and paymaster of the public money, could be adopted, and, if deemed prudent, be extended to any other similar place.

In this mode, the present number of officers connected with the collection and disbursement of the revenue throughout the United States need not be at all increased. Nor will it become necessary, except in a few cases, to augment their compensation. Twenty or thirty thousand dollars a year would probably cover the whole additional expense of every kind.

The other system to which the attention and consideration of Congress are respectfully invited, is a new organization, by means of commissioners or receivers general, to gather the collections to more central points, and keep and disburse there a large portion of the public money, or such as could not be kept safely and expended conveniently in the hands of the collecting officers. Such an organization might be at only three or four of the most important points; or it might be made more extensive, and the number enlarged to eight or ten. This could be arranged, in all essential particulars, substantially in the manner which is now in very successful practice in some of the most enlightened and opulent Governments of Europe, and as was urgently recommended by this department as early as 1790. The only material difference need be, to pay out more of the money near the places where it is collected, rather than first to transmit most of it to the seat of Government. This organization of fiscal agents would be advantageous as a separate establishment for this business alone, and as an independent check on most of those collecting the revenue. But it would require some addition to the present number of officers, and in the first instance would more increase the public expenses.

But the whole addition of principal officers need not exceed ten. Nor would the increased annual expense to the Government probably amount to over fifty or sixty thousand dollars, as the system would enable both the War and Navy Departments to dispense with several of their agents for making lo-